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HARMONIZATION OF BUDGETS: UNDP, UNFPA AND UNICEF

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the secretariats of UNDP, UNFPA and UNICEF on the harmonization of presentation of their biennial support budgets (DP/1997/2, E/ICEF/1997/AB/L.3 and Add.1). During its review of the matter, the Committee met with representatives of these three organizations.

2. In response to decision 94/30 of the Executive Board of the United Nations Development Programme and of the United Nations Population Fund and decision 1994/R.3/6 of the Executive Board of the United Nations Children's Fund, the Administrator of UNDP, the Executive Director of UNFPA and the Executive Director of UNICEF report on the following agreed matters:

(a) A common format for presentation of their biennial support budgets;

(b) Common terms and definitions related thereto; and

(c) A common methodology for the preparation of budget estimates.

The Advisory Committee welcomes this progress. The comments of the Committee below are preliminary. The Committee will comment further on this issue in the context of its review on future support budgets and the related proposals for changes in Financial Regulations and Rules (see para. 3 below).

3. The Advisory Committee notes from paragraph 3 of DP/1997/2, E/ICEF/1997/AB/L.3 that following their review and acceptance in principle by the Executive Boards of the three common elements mentioned above, the organizations will submit the agreed terms and definitions to the Consultative Committee on Administrative Questions (CCAQ) for review (see annex I to DP/1997/2, E/ICEF/1997/AB/L.3). Subsequently, as may be required, amendments to

the Financial Regulations of the organizations will be submitted to their Executive Boards for approval. Moreover, as indicated in paragraph 49, the Committee notes that related accounts will be appropriately modified to reflect the proposed definitions and structure of the harmonization proposals. The Advisory Committee endorses these procedures.

4. Taking into account paragraphs 45 and 46 of General Assembly resolution 50/120, the Advisory Committee encourages UNDP, UNFPA and UNICEF to continue their collaborative approach in preparing reports on common issues. The Committee also encourages the organizations to continue to avail themselves of the United Nations consultative machinery in place, such as CCAQ, and share their experience in the harmonization exercise with other United Nations development organizations so that greater consistency would be promoted in the presentation of their support budgets.

5. The Advisory Committee welcomes the efforts made by UNDP, UNFPA and UNICEF in the preparation of the report and its addendum. The Committee notes that comments and observations made by the Committee on the subject of the harmonization of budget presentations (see, for example, para. 3 of DP/1995/52, and para. 2 of DP/1995/43) have closely been followed by the organizations. Progress has been made in identifying common features in the support budgets of these organizations and explanations have been provided for areas that are not common to the organizations, highlighting those where different treatment is required to meet the specific needs of each organization.

6. In paragraphs 6-19 of the budget harmonization report, the financial framework of the organizations is discussed, and a view of the overall resources available to UNDP, UNFPA and UNICEF (regular resources and other resources) is presented in some detail. The Resource Plan to be included in the biennial support budget will compare "resources available" and "use of resources" for the proposed biennium with the approved (current) biennium. It is proposed that in the Resource Plan the use of resources be divided into three main categories, namely Programme, Programme Support, and Management and Administration, taking into account observations on the issue at the 1996 second regular session of the UNDP/UNFPA Executive Board. The plan will include a section on reconciliation between amounts included under the use of resources section and amounts requested for appropriation in respect of regular resources and similar estimates relating to other resources (see annex III).

7. As indicated in paragraph 6 of the report, regular resources dedicated to Programmes and those dedicated to their support have separate approval processes by their respective Executive Boards. The budget presentation of resource requirements for Programme Support and Management and Administration under the "biennial support budget" of the organizations constitutes the primary focus of the report on harmonization.

8. The Advisory Committee notes that, as indicated in paragraph 9 of the report, the "use of resources" section represents the core of the harmonization effort. The different nature of the three organizations affects the degree to which full comparability may be achieved in their total support activities (i.e., programme support and management and administration). These differences are highlighted in paragraphs 13-15 of the report.

9. In paragraph 17, it is indicated that the proposed biennial budget will include information on the programmes funded by the organizations so that the Executive Boards may be able to evaluate the request for support resources within the context of the level of programmes to be funded. The Advisory Committee stresses the importance of this relationship and recommends that greater efforts be made by the three secretariats to refine the methodology for classifying programmes and support expenditure. Table 6 proposes a format that reflects the regional distribution of programmes and programme support. In this connection, with respect to UNICEF, the Committee recommended in paragraph 5 of its report contained in document E/ICEF/1997/AB/L.7 on the proposal on integrated budgeting in UNICEF (E/ICEF/1997/AB/L.4) that the biennial support budget should include an addendum summarizing the support budgets and the country programme estimates at the country level.

10. The proposed appropriation structure and the kind of information required to support the appropriation request is addressed in paragraphs 20-30 of the report. The Advisory Committee notes that, in the case of UNICEF, regional offices will be combined with country offices to read "country and regional offices". In this connection, the Committee notes that UNICEF advocacy and programme development costs, which were included in the integrated budget for headquarters and regional offices, will be budgeted separately from the "biennial support budget" in the future. UNICEF plans to submit this category of expenditure to the Executive Board for approval, as a programme budget at headquarters and regional offices (E/ICEF/1997/AB/L.4, para. 7). It is the intention of the Advisory Committee to review the appropriateness of this change in the context of the review of the full UNICEF integrated budget for the biennium 1998-1999.

11. Paragraph 30 indicates that unless required by extraordinary circumstances or to meet specific requests of the Executive Board, organizations do not normally intend to submit consolidated revised appropriations. With regard to UNDP, the Advisory Committee sought further clarification on the matter. It was informed that the Administrator may submit revised estimates during the course of the biennium, if required by extraordinary circumstances not foreseen at the time that the budget was prepared, or to meet specific requests and/or decisions of the UNDP Executive Board. In the case of specific decisions of the Board, for instance, the decision itself would have to be explicit as to what the financial implications are and how the Board wishes to accommodate them, i.e., either through an increase/decrease of appropriations, through redeployment or both. Such a decision would have to be specific as to whether the Board would want such change to be formally reflected and approved in a separate revision of the budget during the course of the biennium (e.g., at its next session), or whether it would want the change to be reflected in the base of the "current biennium", at the time the proposals for the following biennium are being prepared. In both cases, the decision would constitute an authority for the Administrator to enter into commitments and incur expenditure in line with the decision.

12. With regard to post requirements under the biennial support budget, the Advisory Committee notes from paragraph 41 of the report that the organizations propose to drop any distinction between types of posts although the distinction between posts financed under the biennial support budget and those financed

under programmes (project posts) will continue to be made. The Committee welcomes this approach and reiterates its views as indicated in paragraph 14 of its report contained in document E/ICEF/1997/AB/L.7 on the UNICEF revised integrated budget for the biennium 1996-1997 for headquarters and regional offices (E/ICEF/1997/AB/L.5).

13. The Advisory Committee exchanged views with the representatives of UNDP, UNFPA and UNICEF on the budget mock-up (contained in part two of the document). The preliminary views of the Committee are that the results presented in the report on the harmonization of budget presentations of these organizations will indeed contribute to a comprehensive and transparent budget proposal. The Committee will pronounce itself in detail on the matter once the 1998-1999 biennial support budgets have been prepared using the proposed format.

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FOR ACTION

INTEGRATED BUDGETING IN UNICEF

REVISED INTEGRATED BUDGET FOR THE BIENNIUM 1996-1997 FOR HEADQUARTERS AND REGIONAL OFFICES

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the UNICEF reports on integrated budgeting (E/ICEF/1997/AB/L.4) and on the revised integrated budget for 1996-1997 for headquarters and regional offices (E/ICEF/1997/AB/L.5). During its consideration of the reports, the Committee met with representatives of the Executive Director who provided additional information.

I. INTEGRATED BUDGETING IN UNICEF

2. The Advisory Committee welcomes the steps taken by UNICEF to streamline and refocus the planning, programming, budgeting and approval process of its administrative and programme support budget. The Committee's comments are of a preliminary nature, as its final views on the subject will be formulated in the context of the integrated support budget for the biennium 1998-1999. The Committee has also reviewed the document on harmonization of biennial support budgets prepared by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and UNICEF (DP/1997/2, E/ICEF/1997/AB/L.3), and its views are contained in document DP/1997/10, E/ICEF/1997/AB/L.6.

* E/ICEF/1997/2.

3. The Advisory Committee notes from paragraphs 2-4 that the Booz•Allen & Hamilton management study recommended the preparation of a single budget integrating the programme and administrative budgets in country offices and the integration of global funds and administrative budgets at headquarters and regional offices. For the country offices, the study recommended the preparation of office budgets on the same cycle as the country programmes so that the Executive Board could have a comprehensive view of the proposed country office spending levels. As indicated in paragraph 5, this concept has been modified somewhat in a twofold approach due to the harmonization of the presentation of biennial support budgets being undertaken with UNDP and UNFPA.

4. The Committee notes that the biennial support budget for 1998-1999 will incorporate a comprehensive view of country office support budgets in relation to the country programme activities and spending levels. For the country offices, the biennial support budget will be planned as a constituent part of the country programme so that the country office support structures will be fully linked to the country programmes (E/ICEF/1997/AB/L.4, para. 9). The Committee was provided with a chart showing the relationship of the biennial support budget for 1998-1999 and the five-year country programme cycle for 1998-2002 (see annex I of the present report).

5. As indicated in annex III of E/ICEF/1997/AB/L.4, the biennial support budget document will include a summary table showing the support budget and the programme budget estimates at the regional level (see also table 6 of DP/1997/2, E/ICEF/1997/AB/L.3). In this connection, the Advisory Committee recommends that the biennial support budget include an addendum to the document summarizing the support budgets and the country programme estimates.

6. The Committee notes from paragraphs 5 and 20-23 of E/ICEF/1997/AB/L.4 that there will be two budget approval processes, one for the biennial support budget and another for the country programme recommendations (CPRs). Initially, the biennial support budget for each country office will be submitted to the Executive Board together with the CPRs. The Committee was informed that the support budget estimates to be submitted with the CPRs will be indicative and will be included for information purposes only. The biennial support budget estimates will be submitted to the Executive Board for approval in a separate document every two years, following a format, definitions and methodology common to UNDP, UNFPA and UNICEF, as agreed among these organizations under the harmonization of budget presentations exercise.

7. The Advisory Committee notes that, as indicated in paragraphs 22-23 of E/ICEF/1997/AB/L.4, the changes in the budgeting process being proposed, requiring two budget approval processes, one for the biennial support budget and another for CPRs, will entail modifications in the scheduling of budget reviews in order to ensure that the country programmes are sufficiently articulated before the biennial support budgets for country offices are formulated. The Committee notes that, as an exceptional case, the Executive Director is proposing that the Executive Board review the biennial support budget for 1998-1999 during its first regular session in January 1998 rather than at its third regular session in September 1997.

8. The Advisory Committee trusts that the Executive Director will make arrangements for the future to ensure that the biennial support budget is reviewed by the Executive Board prior to the beginning of the biennium. Ideally, the Executive Board should approve the biennial budget appropriations at its third regular session in the fall of the year prior to the beginning of the biennium in question, as in the past. This may require some modifications in the current scheduling of the country programme planning process and the preparation of CPRs.

II. REVISED INTEGRATED BUDGET FOR THE BIENNIUM 1996-1997 FOR HEADQUARTERS AND REGIONAL OFFICES

9. As indicated in paragraph 5 of E/ICEF/1997/AB/L.5, at its second regular session of 1996, in decision 1996/10 (E/ICEF/1996/12/Rev.1), the Executive Board approved the integrated budget for headquarters and regional offices for 1996-1997 amounting to $346,000,000. The Advisory Committee notes from paragraph 6 of E/ICEF/1997/AB/L.5 that, as requested by the Executive Board in the same decision, UNICEF intends to absorb all costs associated with the Management Excellence Programme within the established ceiling of $346,000,000 for 1996-1997.

10. In paragraphs 7 and 12-15 of E/ICEF/1997/AB/L.5, the Executive Director reports on the establishment of the new Division of Communication (DOC). The Advisory Committee notes that, as recommended by the Committee and endorsed by the Executive Board, several functions from the former Division of Information, Division of Public Affairs (DPA) and Greeting Card and related Operations (GCO) have been consolidated within the new Division. In this connection, the Executive Director wishes to transfer $1,415,000 from the GCO budget, comprising $470,000 from the approved GCO budget for January to April 1997 and $925,000 from the projected May to December 1997 GCO budget to cover the costs of personnel and activities transferred from GCO to the headquarters and regional offices budget. The Committee does not have any objection.

11. The Committee notes from paragraph 16 of E/ICEF/1997/AB/L.5 that the Executive Director proposes to establish a new Office of United Nations Affairs and External Relations, headed by a director whose post is proposed for reclassification at the D-1 level. The Office includes the existing unit of Office of United Nations Affairs and the Child Rights Unit and Intergovernmental Unit in the former DPA (see figure II). The Committee sought clarification as to the reasons for the transfer of two posts on child rights (one P-5 and one L-4) to this new Office rather than to the Programme Division, as was the case with the P-5 post mentioned in paragraph 11, which was deployed from DPA to the Programme Division to develop and manage a knowledge centre on child rights issues for country programmes. The Committee was given, on request, copies of the job descriptions. From the information provided, the Committee is not convinced that these posts should be deployed to the new Office of United Nations Affairs and External Relations. The Committee recommends that the matter be reviewed in the context of the budget integration exercise.

12. The Advisory Committee notes from paragraph 11 of E/ICEF/1997/AB/L.5 that "further changes are likely to be proposed in the 1998-1999 biennial budget as

the Programme Division reorganizes its work to fulfil new functions within the context of clearly defined roles and accountabilities for headquarters, regional offices and country offices". The Committee reiterates its view that the Executive Director should not make reorganization proposals for headquarters on a piecemeal basis (see E/ICEF/1996/AB/L.7, para. 25). The Committee recalls that in paragraph 5 of decision 1996/10, the Executive Board requested the Executive Director "to submit a report to the Executive Board on proposals for a revised and rationalized structure of UNICEF, including health sector". In the view of the Committee, the information contained in paragraph 17 of E/ICEF/1997/AB/L.1 is not an adequate response to the request of the Executive Board.

13. As indicated in paragraphs 10-19 of E/ICEF/1997/L.5, the Executive Director has proceeded with a consolidation and reorganization of some headquarters units which resulted in "additional savings of nine posts, increasing post savings from 27 to 36 posts at headquarters and dollar savings of $1,158,000" (para. 10). The Committee notes, however, that, as shown in annex III of E/ICEF/1997/AB/L.5, total posts at headquarters increase from 793 to 795 at headquarters after the transfer of 11 posts from GCO, comprising 10 posts transferred to DOC and one post to the Office for Europe, Geneva. As indicated in paragraph 10, the Executive Director intends to utilize "dollar savings of $1,158,000" towards the financing of the new computer-based financial information system. Upon request, the Committee was furnished with the staffing table, reflecting the number of post changes in the revised budget for 1996-1997 for headquarters, regional offices and country offices (see annex II of the present report).

14. The Advisory Committee notes from paragraphs 14, 19 and 25 that the Executive Director is again proposing the establishment of new posts (three L-3 and two L-6) in the biennial support budget as project posts under the 200 series of the Staff Rules for technical assistance personnel. The Committee had previously sought clarification on the subject (E/ICEF/1996/AB/L.7, paras. 17 and 18). The Committee reiterates its view and recommends against the establishment of project posts in the biennial support budget. The Committee re-emphasizes that there should be a unified common system approach to these personnel arrangements in funds and programmes of the United Nations, particularly with UNDP and UNFPA under the harmonization of presentation of support budgets (see DP/1997/2, E/ICEF/1997/AB/L.3, para. 41).

15. The Advisory Committee recalls that it had been informed that UNICEF needed maximum flexibility to extend contracts for a limited duration on a non-permanent basis. The Committee had recommended that the Executive Director initiate consultations with other funds and programmes of the United Nations, preferably under the auspices of the Consultative Committee on Administrative Questions, and make proposals to the Executive Board at the earliest opportunity (E/ICEF/1996/AB/L.7, para. 18).

16. In this connection, upon request, the Advisory Committee was informed that UNICEF intends to continue discussions with the United Nations and the separately financed funds and programmes of the United Nations system so that a staffing policy for those entities financed from voluntary contributions may be developed. Within UNICEF, the Staff Deployment Policy Team has made

recommendations on human resources issues, including dual career tracks, and these are currently under review. Included in this is a proposal to create two categories of staff, one centrally administered and another locally administered. At this stage, given that UNICEF is a voluntarily-funded organization, with some uncertainty with regard to its resource base, UNICEF believes that it is prudent to restrict the number of long-term contractual commitments to new staff and not raise employee expectations of longer-term employment.

17. Noting that at present the views of UNICEF are preliminary, the Committee was informed that UNICEF has decided to use 200 series Staff Rules for all interim appointments. The Advisory Committee recommends that UNICEF carry out a complete and thorough functional analysis of all activities funded under the biennial support budget, determine what type of personnel will serve the Organization on career appointments and what personnel are required on fixed-term appointments, and report to the Executive Board through the Advisory Committee on the matter in the context of the biennial support budget for 1998-1999.

18. In paragraphs 22-25 of E/ICEF/1997/AB/L.5, it is indicated that, on the basis of the evaluation and recommendation of an external consultant, UNICEF intends to combine many diverse computer-based financial systems which have been developed over the years into one integrated financial system. This system will include financial modules in accordance with users' requirements as defined by UNICEF. The budget estimates chargeable to the biennial support budget for 1996-1997 are estimated at $5,248,000. UNICEF expects the new system to be operational in 1998 (E/ICEF/1997/AB/L.1, para. 7). Upon request, the Committee was informed that the cost of UNICEF staff assigned to the new financial systems project was estimated at approximately $1,537,000 for 1997 (see annex III of the present report). The Committee notes that the total cost of the project has not yet been ascertained and that a comprehensive office automation strategy has not yet been finalized and submitted to the Executive Board through the Advisory Committee. Furthermore, as indicated in paragraphs 19-20 below, the Committee believes that there are many uncertainties as to the required computer platform for the new financial system and that the 1998 target for implementation appears to be too optimistic.

19. The Advisory Committee notes from paragraph 12 of E/ICEF/1997/AB/L.1 that a working group, with field participation, is currently developing a strategy to guide the use of information technology over the next three to five years and proposals will be ready by February 1997. The Office of Information Resources Management will be reorganized during 1997 and budgetary implications will be reflected in the 1998-1999 biennial support budget.

20. The Advisory Committee was informed that UNICEF is examining two scenarios to develop the integrated central financial system. The basis for the scope of the project rests with the conceptual design and system requirements. First, UNICEF has explored the cost of adapting the current financial component of the Integrated Management Information System (IMIS) to meet UNICEF requirements; and second, it considered the option of purchasing from a vendor a systems package that would address as many UNICEF requirements as possible.

21. Upon request, the Committee was provided with cost estimates for the project budget for 1996-1997 and a projection for 1998-1999. The total project cost for the IMIS scenario was estimated at $18.8 million, i.e., $9.9 million for 1996-1997 and $8.4 million for 1998-1999 (see annex IV of the present report). Of those costs, $3.8 million pertain to staff costs deployed from other divisions ($1.4 million for 1996-1997 and $2.4 million for 1998-1999). An external consultant had advised UNICEF that IMIS would not address the requirements of GCO and Supply Division. Thus, UNICEF would have to add to the IMIS budget the cost of developing systems and interfaces for these two major functional areas. This will be an additional $2.0 million for GCO and $2.5 million for the Supply Division. Thus, the full cost of the IMIS solution would be approximately $22.8 million.

22. With respect to the second scenario, a cost estimate was prepared after three vendors responded to the request for information and scoring of the systems requirements. Functional and technical demonstrations that validated the scoring of the systems requirements were held with all four potential system solutions (IMIS and the three vendors) prior to preparing the project budget. The total project cost for the vendor scenario was estimated at $14.5 million, i.e., $6.8 million for 1996-1997 and $7.7 million for 1998-1999 (see annex V of the present report). Of those costs, $4.2 million pertain to staff costs deployed from other divisions ($1.5 million for 1996-1997 and $2.7 million for 1998-1999). Excluding staff costs and $760,000 funded from the GCO budget, the net cost of $4.5 million for the 1996-1997 portion of the project has been funded within the overall existing UNICEF administrative and programme support budget.

23. The preliminary variance analysis between IMIS and the vendor solution indicates a difference of $3.1 million for 1996-1997 (see annex VI of the present report). A detailed variance analysis for 1998-1999 has not yet been prepared, as detailed budget estimates for the biennium will be prepared when more information is known about the system solution. In addition to cost differences identified so far, UNICEF has indicated that it is considering other factors as achieving optimal integration of UNICEF financial systems, such as the introduction of more streamlined business processes, contractual arrangements for future maintenance and upgrades, and the project implementation schedule. The evaluation process of the different options was also provided to the Committee.

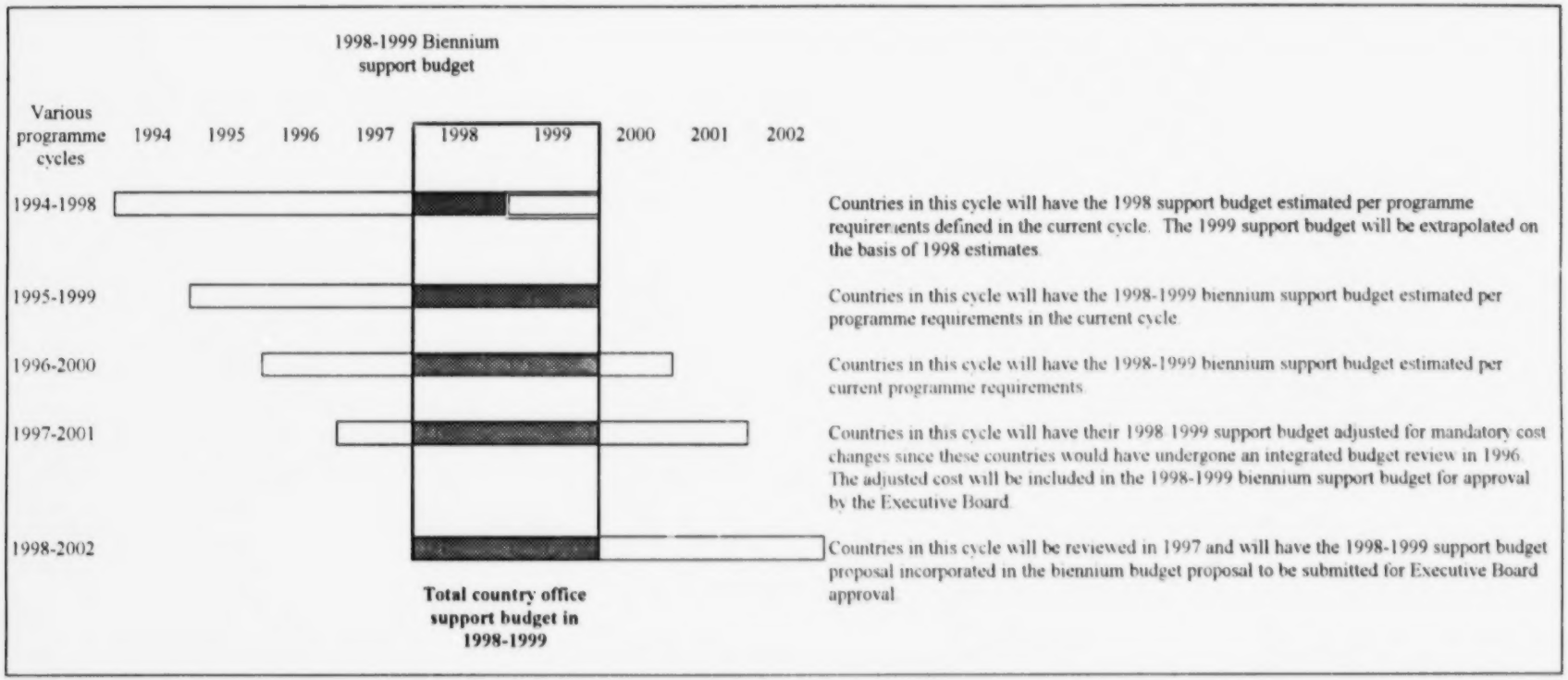
24. The Committee points out that Member States have invested heavily in the development of IMIS and that it is not fully convinced that UNICEF could not implement the financial modules developed for IMIS to meet its own requirements in a more cost-effective manner. The Committee notes from paragraph 25 of E/ICEF/1997/AB/L.5 that UNICEF is already implementing the IMIS human resources module and that the new central financial system will demand close coordination with IMIS human resources/payroll systems.

25. The Advisory Committee believes that UNICEF should exercise concerted efforts to exploit the potential advantages of the IMIS financial modules. The Committee believes that there is potential for long-term economies in the development and maintenance of financial information systems that adhere to common standards. The Committee has commented on the subject in its report (A/51/7/Add.4) dealing with the Secretary-General's eighth progress report on the IMIS project. The Committee cautions UNICEF against the use of external

vendors to develop new financial systems that may prove to be incompatible and not truly cost-effective in the long term. The Committee recommends that UNICEF financial information systems, particularly for its field offices, be developed in close consultation with the United Nations Secretariat and in cooperation with other funds and programmes that are developing similar systems for their field operations so that economies may be realized in development costs and systems implementation and maintenance.

Annex I

RELATIONSHIP OF THE BIENNIUM BUDGET AND THE PROGRAMME CYCLES


1998-1999 Biennium support budget
Various programme cycles
1994
1995
1996
1997
1998
1999
2000
2001
2002
1994-1998
1995-1999
1996-2000
1997-2001
1998-2002
Total country office support budget in 1998-1999
Countries in this cycle will have the 1998 support budget estimated per programme requirements defined in the current cycle. The 1999 support budget will be extrapolated on the basis of 1998 estimates.
Countries in this cycle will have the 1998-1999 biennium support budget estimated per programme requirements in the current cycle.
Countries in this cycle will have the 1998-1999 biennium support budget estimated per current programme requirements.
Countries in this cycle will have their 1998 1999 support budget adjusted for mandatory cost changes since these countries would have undergone an integrated budget review in 1996. The adjusted cost will be included in the 1998-1999 biennium support budget for approval by the Executive Board.
Countries in this cycle will be reviewed in 1997 and will have the 1998-1999 support budget proposal incorporated in the biennium budget proposal to be submitted for Executive Board approval.

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Annex II

PROPOSED POSTS FOR THE REVISED INTEGRATED BUDGET FOR 1996-1997 HEADQUARTERS, REGIONAL OFFICES AND COUNTRY OFFICES

Posts by grade	Approved 1996-1997 budget			Inc (dec)	Deploy	Revised 1996-1997 budget		
	Total	HQ & reg offices a/	Country offices b/	HQ & reg offices c/	from GCO d/	Total	HQ & reg offices	Country offices
USG	1	1	0	0	0	1	1	0
ASG	2	2	0	0	0	2	2	0
D2/L7	29	23	6	-4	0	25	19	6
D1/L6	54	33	21	1	0	55	34	21
P5/L5	244	156	88	-3	1	242	154	88
P4/L4	217	121	96	0	1	218	122	96
P3/L3	116	71	45	1	2	119	74	45
P2/L2/P1/L1	29	27	2	1	2	32	30	2
Total IP	692	434	258	-4	6	694	436	258
National Professional	245	28	217	0	0	245	28	217
General Service	1587	632	955	-5	5	1587	632	955
Total	2524	1094	1430	-9	11	2526	1096	1430

ASG = Assistant Secretary-General
dec. = decrease
GCO = Greeting Card and related Operations
HQ = headquarters
inc. = increase
reg. = regional
USG = Under-Secretary-General

a/ E/ICEF/1996/AB/L.5/Corr.1, table 1.1.
b/ Including 10 posts (1 L-6 international Professional, 3 national Professional and 6 General Service) established in three liaison offices in Minsk, Moscow and Kiev as approved by the Executive Board in decision 1996/14 (E/ICEF/1996/12/Rev.1).
c/ E/ICEF/1997/AB/L.5, annex III.
d/ E/ICEF/1997/AB/L.5, annex III.

Annex III

STAFF COSTS RELATED TO NEW FINANCIAL SYSTEM PROJECT

Major activities	Full-time staff equivalent 1/
Project coordination:	1 IP
Oversight	
Preparation and monitoring of work plans and budgets	
Coordination with other internal work groups, committees and task forces within the organization	
Ensuring re-engineering and changes to work processes fit within UNICEF regulations and rules	
Coordination of all interdivisional issues related to NFS project implementation	
Systems coordination:	1 IP
Technical coordination of IRM team, functional/technical consultants and vendors	
Coordination between NFS and various other project teams (IMIS,HR, PROMS)	
Analysis of the impact of various system architectures	
Coordination of pilot tests and global implementation from a technical standpoint	
Data administration/systems analysis:	2 IP
Mapping of detailed existing file structures and algorithms to the new software applications	
Verification that requirements are met from technical perspective	
Work with programmer analysts and consultants on interfaces with other systems, e.g PROMS, HR	
Business analysis:	4 IP
Provide business requirements in the areas of accounting, finance, budgeting, GCO and purchasing	
Work with consultants BPR analysis and redesign	
Development of a detailed functional understanding of respective modules	
Documentation of new and existing policies, procedures and functional specifications, e.g. screen changes and report layouts	
Programme/systems analysis:	3 IP
Responsible for specific modules in the NFS (total of 9 in first phase and minimum of 6 in phase 2)	1 GS
Responsible for system support when technical consultants leave	
Knowledge of underlying data structures and integration with other modules	
Data preparation/data conversion	
Routine retesting	
Administrative support:	1 GS
Estimated cost for 1996-1997 (in thousands of United States dollars)	**1,537.0**

BPR = business process re-engineering
GCO = Greeting Card and related Operations
GS = General Service
HR = Human Resources
IMIS = Integrated Management Information System
IP = International Professional
IRM = Information Resources Management
NFS = new financial system
PROMS = Programme Manager System

1/ Staff requirements can be in the form of teams to be deployed from various offices in New York, Geneva, Copenhagen and GCO. Estimated full-time staff equivalent may be different staff members providing segments of their time for the 1996-1997 duration of the project.

Annex IV

PRELIMINARY ESTIMATES FOR THE NEW FINANCIAL SYSTEM ADAPTED FROM THE INTEGRATED MANAGEMENT INFORMATION SYSTEM, 1996/1997-1998/1999

(In thousands of United States dollars)

		1996-1997	1998-1999	Total	
Staff costs		1,365	2,410	3,775	
Staff training		340	235	575	
Project consultancy		540	500	1,040	
Travel		58	157	215	
Communications and maintenance					
Communications		320	410	730	
Computer maintenance		327	666	993	
	Subtotal	647	1,076	1,723	
Acquisition of computer equipment					
Furniture and equipment		25	25	50	
Computer equipment		979	344	1,323	
	Subtotal	1,004	369	1,373	
Office supplies and computer services					
Office supplies		10	20	30	
Software development					
Functional		405	171	576	
Technical		4,034	3162	7,196	a/
Interfaces		1,200	0	1,200	a/
Computer systems (DB/applications)		318	305	623	
	Subtotal	5,967	3,658	9,625	
	Total	9,921	8,405	18,326	
Additional costs:					
	GCO module		2000	2,000	
	Supply Division module		2500	2,500	
		0	4500	4,500	
	Total before deductions	9,921	12,905	22,826	
Funded from GCO			(2,000)	(2,000)	
Less: Staff costs redeployed		(1,365)	(2,410)	(3,775)	
	Net budget estimates	8,556	8,495	17,051	

DB = database
GCO = Greeting Card and related Operations

a/ Preliminary estimates provided by Price Waterhouse.

Annex V

PRELIMINARY ESTIMATES FOR THE NEW FINANCIAL SYSTEM (ESTIMATED PER VENDOR OPTION AND AFFORDABILITY), 1996/1997-1998/1999

(In thousands of United States dollars)

	1996-1997	1998-1999	Total
Staff costs	1,537	2,700	4,237
Staff training	621	285	906
Project consultancy	500	500	1,000
Travel	46	157	203
Communications and maintenance			
Communications	320	410	730
Computer maintenance	404	1,166	1,570
Subtotal	724	1,576	2,300
Acquisition of computer equipment			
Furniture and equipment	25	25	50
Computer equipment	1,223	430	1,653
Subtotal	1,248	455	1,703
Office supplies and computer services			
Office supplies	10	20	30
Software development			
Functional	422	171	593
Technical	504	396	900
Interfaces	342	0	342
Computer systems (DB/applications)	831	1457	2,288
Subtotal	2,109	2,044	4,153
Total before deductions	6,785	7,717	14,502
Funded from GCO	(760)	(864)	(1,624)
Less: Staff costs redeployed	(1,537)	(2,700)	(4,237)
Net budget estimates	4,488 a/	4,153	8,641

DB = database
GCO = Greeting Card and related Operations

a/ Figures used in the revised budget document.

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Annex VI

VARIANCE ANALYSIS: PRELIMINARY ESTIMATES FOR THE NEW FINANCIAL SYSTEM, 1996-1997

(In thousands of United States dollars)

	IMIS	NFS (Vendor)	Variance	Remarks
Staff costs	1,365	1,537	(172)	IMIS less 1IP prog and 1 GS asst. prog IMIS provides less integrated modules than vendor solution.
Staff training	340	621	(281)	Training costed out for each module and IMIS has fewer modules than vendor solution, hence less training costs.
Project consultancy	540	500	40	The difference in amounts represents the cost UNICEF paid PW for gap analysis on IMIS.
Travel	58	46	12	IMIS less travel. IMIS does not provide purchasing module, therefore, less travel to Copenhagen.
Communications and maintenance				
Communications	320	320	0	
Computer maintenance	327	404	(77)	IMIS less maintenance. Vendor solution includes 15 per cent maintenance on application modules. IMIS is
Subtotal	647	724	(77)	unknown to UNICEF but could be substantial. The amount for IMIS represents maintenance on hardware and
Acquisition of Computer Equipment				operating systems only, but does not include cost of application maintenance, which cannot be
Furniture and equipment	25	25	0	estimated.
Computer equipment	979	1,223	(244)	IMIS less on hardware. Additional servers required for IMIS but less than the fully integrated vendor
Subtotal	1,004	1,248	(244)	solution.
Office supplies and computer services				
Office supplies	10	10	0	
Software development				
Functional	405	422	(17)	Less functional consultants would be needed to travel to Copenhagen for integrated purchasing module as in vendor solution. Functional consultants needed in both scenarios to fit packages to UNICEF work process.
Technical	4,034	504	3,530	IMIS more in technical. PW estimates to fit IMIS to UNICEF requirements.
Interfaces	1,200	342	858	IMIS more on interfaces. Based on PW estimates. Vendor solution requires fewer interfaces.
Computer systems (DB/applications)	318	831	(513)	The difference in amounts represent the database application software to be purchased in vendor solution. They need not be purchased in IMIS solution. But UNICEF still needs to pay for database software and
Subtotal	5,967	2,109	3,858	additional surcharge for extra users in either solution.
Total	9,921	6,785	3,136	
Funded from GCO		(760)	760	IMIS does not have GCO module.
Less: Staff costs redeployed	(1,365)	(1,537)	172	
Net	8,556	4,488	4,068	

asst. = assistant
DB = database
GCO = Greeting Card and related Operations
GS = General Service
IMIS = Integrated Management Information System
IP = International professional
NFS = New financial system
prog. = programmer
PW = Price Waterhouse